

December ARRC Meeting

Summary of Issues

The January, 2004 meeting of the Administrative Rules Review Committee will be on Tuesday, January 6th 2004 in Statehouse Room #116. The committee will hold a special electronic meeting on Monday, December 15th, 1:00p.m. The sole matter on the agenda will be the rescission of a session delay place on Utility Board filing ARC 2506B, relating to crossing of railroad rights-of-way. Public access to the meeting is available at the committee office in Capitol room #116.

For more information contact Joe Royce at 281-3084; e-mail: joe.royce@legis.state.ia.us.

ADMINISTRATIVE SERVICES DEPARTMENT, Procurement of goods & services, 10/29/03 IAB, ARC 2885B, HELD OVER FROM NOVEMBER

BACKGROUND: This filing was previously reviewed in November. This filing consolidates purchasing rules from the old department of general services into one chapter. The rules apply to the purchase of goods and services of general use by executive branch agencies other than those exempted by law. At issue in this filing was the use of "sole source procurement" and the use of master contracts in making state purchases. One vendor contends that in the area of technology it is relatively easy to obtain compatible products and services, and that greater savings would be possible through competitive bidding. In response the department denied that the use of master contracts constituted a form of sole procurement, noting that a bidding process was used to establish the initial price for the item.

COMMENT: In response to this concern the committee rescheduled the review until the December meeting. The department representatives were asked to provide an example of how the bidding process works---using the Ankeny building project as a model. Department representatives provided great detail concerning a wide variety of bids and contracts. In essence the Ankeny project involved 31 bid packages, with 112 bids received and 28 contracts awarded; all but three contracts went to Iowa vendors

ACTION: No action taken, no further review.

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT, hunting preserves/CWD control, 12/11/03 IAB, ARC 2976B, FILED.

BACKGROUND: House File 624 transfers the regulation of domesticated deer to the Department of Agriculture and land Stewardship, from the Department of Natural Resources. These rules regulate in two different areas, establishing rules for commercial hunting preserves and rules to control the spread of Chronic Wasting Disease (CWD).

COMMENTARY: Opponents of the hunting preserve rules contended that as a private business the state had no valid purpose regulating the size of the preserve, the means of identifying the particular animal or the fencing requirements and fee; most particularly, they objected to the \$1000 annual fee. Concerning the regulation of Chronic Wasting Disease commentators generally supported the program, but felt the fee structure was unfair; they contended that it was unfair to charge inspection fees for cervid slaughtered at the locker in which the meat is going to be sold for public consumption, and not charge an inspection fees for slaughtering beef, pork, or sheep. They also opposed the \$100 fee for joining the voluntary CWD monitoring program. Department representatives responded that no money was appropriated for the program, which requires some \$170,000; the representatives stated that without these fees the program would not continue.

ACTION: GENERAL REFERRAL on item one, relating to white tail deer preserves. No action on remainder of the rule.

ECONOMIC DEVELOPMENT DEPARTMENT, University based research, 12/11/03 IAB, ARC 2916B, NOTICE.

BACKGROUND: House File 692 calls on the department to create a program to assist Iowa business in making university research, particularly high-tech research, available for commercial development. Participating businesses and university employees may receive a tax credit. The total aggregate value of the credits issued over a 5 year period to an approved business cannot exceed \$600,000.

COMMENT: Under the Act if an eligible business has been in existence more than one year prior to applying, it must organize a separate company to utilize the technology. Committee members expressed concern that under the rules large corporations could reap the benefits of the tax credit. Under this scenario a parent corporation would create a shell corporation to develop the technology; the parent corporation could then utilize the technology and, through the use of a combined statement with the shell, receive the benefits of the tax credit. Members suggested that to the extent lawful the tax credit information should be open to the public. Department representatives suggested they would follow the policies of the Department of Revenue regarding confidentiality, but would provide information in the aggregate.

Members were also concerned that the director had authority under these rules to approve awards; it was suggested that making large awards should be a board decision. Department representatives responded that the Act vested decision-making authority in department, not in the department board.

ACTION: No action taken, additional review when rule is adopted.

ETHICS AND CAMPAIGN DISCLOSURE BOARD, Voter education, 11/26/03 IAB, ARC 2969B, ADOPTED.

BACKGROUND: A rule change relating to the use of computers sparked a discussion concerning a searchable database for disclosure reports.

COMMENTARY: Iowa law does not require disclosure forms to be filed electronically. While the board does "scan" each report into a database, this scanned information is not completely searchable. Committee members questioned why the board did not create a searchable database. A board representative responded that the board does not have the resources to manually enter all information into the system. The only viable alternative would be to mandate that all reports be electronically filed. The representative stated that such a decision should be made by the legislature. Committee members discussed whether it was appropriate to mandate electronic filing, but did not reach a consensus.

ACTION: GENERAL REFERRAL of the issue of electronic filing.

HUMAN SERVICES DEPARTMENT Subsidies for special needs adoptions, 10/29/03 IAB, ARC 2900B, ADOPTED/70 DAY DELAY

BACKGROUND: The department adopted a series of limitations to the adoption subsidy program. The program encourages the adoption of special needs children by providing a variety of benefits. Department representatives noted that in five years the

program had grown from 10% to 25% of the child welfare budget. Analysis by the Legislative Services agency indicates these changes are intended to save some \$400,000.

COMMENT: In response to public concerns the committee imposed a seventy day delay (from 01/01/04) on this filing. Commentators had noted that it was especially unfair to change the subsidies available to those who had already adopted children. Supporters of the program contended the rising cost was proving that the program was working---diverting hard-to-place children from foster care into stable homes. In response to those concerns, relating to day care benefits, the department assured the committee that currently adopted special needs children would continue to receive the same level of child care benefits.

ACTION: 70 DAY DELAY CONTINUED; additional review possible.